

REGULATION OF MEMBERS OF BOARD OF GOVERNORS  
NUMBER 20/7/PADG/2018  
ON  
MONETARY OPERATION PARTICIPATION

BY THE BLESSINGS OF GOD THE ALMIGHTY

REGULATION OF THE BOARD OF GOVERNORS OF BANK INDONESIA

- Considering :
- a. that to accomplish the objectives of Bank Indonesia, namely to achieve and maintain rupiah stability, Bank Indonesia establishes and implements monetary policy;
  - b. that to implement the monetary policy, Bank Indonesia exercises monetary control, among others through monetary operation in a conventional manner and in adherence to sharia principle;
  - c. that to improve governance, standardization, and participation compliance in monetary operation implementation, Bank Indonesia considers it necessary to regulate license and surveillance for participation in monetary operation;

- d. that based on the foregoing consideration in letter a, letter b, and letter c, it is necessary to establish a Regulation of Members of Board of Governors on Monetary Operation Participation;

Observing : Regulation of Bank Indonesia Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 60, Supplement to State Gazette of the Republic of Indonesia Number 6198);

HAS DECIDED:

To issue : REGULATION OF MEMBERS OF BOARD OF GOVERNORS ON MONETARY OPERATION PARTICIPATION.

## CHAPTER I GENERAL PROVISIONS

### Article 1

In this Regulation of Members of the Board of Governors:

1. Bank means a commercial bank, sharia commercial bank, and sharia business unit.
2. Commercial Bank means a commercial bank carrying out its business activities in a conventional manner as set forth in a Law on banks.
3. Sharia Commercial Bank, hereinafter referred to as SCB, means a commercial bank carrying out its business activities in adherence to sharia principles as set forth in a Law on sharia banks.
4. Sharia Business Unit, hereinafter referred to as SBU, means a sharia business unit as set forth in a Law on sharia banks.
5. Rupiah and Foreign Currency Money Market Broker, hereinafter referred to as Money Market Broker, means rupiah and foreign currency money market broker as set forth in Bank Indonesia provisions for rupiah and foreign currency money market broker.

6. Securities Company means securities company as set forth in Law on capital market, appointed by the Finance Minister of the Republic of Indonesia as the primary dealer.
7. Monetary Operation means monetary policy implementation by Bank Indonesia to exercise monetary control in a conventional manner and in adherence to sharia principle.
8. Conventional Monetary Operation, hereinafter referred to as CMO, means monetary policy implementation by Bank Indonesia to exercise monetary control in a conventional manner.
9. Sharia Monetary Operation, hereinafter referred to as SMO, means monetary policy implementation by Bank Indonesia to exercise monetary control in adherence to sharia principle.
10. Open Market Operation, hereinafter referred to as OMO, means transactional activities in the money market and/or foreign exchange market conducted by Bank Indonesia with Banks and/or other parties for Monetary Operation in a conventional manner and under sharia principle.
11. Conventional Open Market Operation, hereinafter referred to as Conventional OMO, means transactional activities in the money market and/or foreign exchange market conducted by Bank Indonesia with Commercial Banks and/or other parties.
12. Sharia Open Market Operation, hereinafter referred to as Sharia OMO, means transactional activities in the money market in adherence to sharia principle and/or foreign exchange market conducted by Bank Indonesia with SCB, SBU, and/or other parties.
13. Intermediary Institution means Money Market Broker and Securities Company, which have obtained license from Bank Indonesia as intermediary institution in Monetary Operation.
14. Bank Indonesia Securities in Foreign Currency, hereinafter referred to as Foreign Currency SBBI, means

securities in foreign currency issued by Bank Indonesia as acknowledgment of short term indebtedness.

15. Securities Repurchase Agreement Transaction for Conventional OMO, hereinafter referred to as Conventional OMO Repo Transaction, means any securities sale transaction by a Conventional OMO participant to Bank Indonesia, with mandatory repurchase by the Conventional OMO participant at the agreed price and within the agreed period.
16. Securities Repurchase Agreement Transaction for Sharia OMO, hereinafter referred to as Sharia OMO Repo Transaction, means any securities sale transaction by a Sharia OMO participant to Bank Indonesia, with mandatory repurchase by the Sharia OMO Participant at the agreed price and within the agreed period.
17. Securities Reverse Repo Transaction for Conventional OMO, hereinafter referred to as Conventional OMO Reverse Repo Transaction, means any securities purchase transaction by a Conventional OMO participant from Bank Indonesia, with mandatory resale by the Conventional OMO participant at the agreed price and within the agreed period.
18. Securities Reverse Repo Transaction for Sharia OMO, hereinafter referred to as Sharia OMO Reverse Repo Transaction, means any securities purchase transaction by a Sharia OMO participant from Bank Indonesia, with mandatory resale by the Sharia OMO participant at the agreed price and within the agreed period.
19. Bank Indonesia-Real Time Gross Settlement System, hereinafter referred to as BI-RTGS means an infrastructure used as means of electronic fund transfer whose settlement is made outright per individual transaction as specified in the provisions of Bank Indonesia for transaction implementation, securities administration, and outright fund settlement.
20. Bank Indonesia-Scripless Securities Settlement System, hereinafter referred to as BI-SSSS means BI-SSSS as

specified in the provisions of Bank Indonesia for transaction implementation, securities administration, and outright fund settlement.

21. Bank Indonesia-Electronic Trading Platform System, hereinafter referred to as BI-ETP System means BI-ETP System as specified in the provisions of Bank Indonesia for transaction implementation, securities administration, and outright fund settlement.
22. Checking Account means the Bank's checking account with Bank Indonesia in rupiah and/or foreign currency.
23. Merger means the merge of 2 (two) legal entities or more, by maintaining one of the legal entities and closing the other with or without liquidation.
24. Amalgamation means the merge of 2 (two) legal entities or more, by establishing a new legal entity and closing the legal entities with or without liquidation.
25. Acquisition means the takeover of a legal entity's ownership.
26. Demerger means splitting off the business of 1 (one) bank into 2 (two) business entities or more under the laws and regulations.
27. Financial Services Authority, hereinafter referred to as OJK, means the Financial Services Authority as set forth in the Law on Financial Services Authority.

## CHAPTER II

### LICENSE FOR PARTICIPANTS AND INTERMEDIARY INSTITUTIONS IN MONETARY OPERATION

#### Part One

#### License as Monetary Operation Participant and Intermediary Institution

#### Section 1

#### License as Monetary Operation Participant

## Article 2

- (1) Monetary Operation Participant consists of OMO participants and Standing Facilities participants.
- (2) The OMO participants and Standing Facilities participants set forth in paragraph (1) mean Banks.
- (3) OMO participants may participate in OMO directly and/or indirectly through Intermediary Institutions.
- (4) If a Conventional OMO participant participates in Foreign Currency SBBI tender, the Conventional OMO participant may participate in Foreign Currency SBBI for its own and/or any other party's interests.

## Article 3

- (1) Any Bank which will participate in Monetary Operation must obtain license as a Monetary Operation participant from Bank Indonesia.
- (2) License as a Monetary Operation participant set forth in paragraph (1) consists of:
  - a. license as CMO participant in rupiah;
  - b. license as CMO participant in foreign currency;
  - c. license as SMO participant in rupiah;
  - d. license as SMO participant in foreign currency;

## Article 4

- (1) SBU license as Monetary Operation participant set forth in Article 3 paragraph (1) is separated from the license of its parent Commercial Bank as a Monetary Operation participant.
- (2) Application for SBU license as Monetary Operation participant set forth in Article 3 paragraph (1) is submitted by its parent Commercial Bank.

## Article 5

- (1) Any Bank, which takes strategic and fundamental steps affecting its operational relationship with Bank Indonesia in monetary sector, or any new Bank, which has obtained

a business license from the competent authority, must obtain license from Bank Indonesia as set forth in Article 3.

- (2) The strategic and fundamental steps affecting a Bank's operational relationship with Bank Indonesia in monetary sector as set forth in paragraph (1) include the following activities:
  - a. corporate actions in the form of Merger, Amalgamation, Acquisition, and Demerger;
  - b. status change;
  - c. name change;
  - d. business license revocation; and/or
  - e. any other strategic steps.

## Section 2

### License as Intermediary Institution

#### Article 6

- (1) Any Money Market Broker and/or Securities Company, which will participate in OMO, must obtain license as an Intermediary Institution from Bank Indonesia.
- (2) The license as Intermediary Institution set forth in paragraph (1) includes:
  - a. license as a Conventional OMO and Sharia OMO Intermediary Institution in rupiah;
  - b. license as a Conventional OMO and Sharia OMO Intermediary Institution in foreign currency.

#### Article 7

The Intermediary Institution set forth in Article 6 may only submit a quote for an OMO transaction for and on behalf of an OMO participant.

#### Article 8

- (1) The Securities Company set forth in Article 6 paragraph (1) may only obtain license as a Conventional OMO and

Sharia OMO Intermediary Institution in rupiah;  
 (2) Transactions which may be conducted by an Intermediary Institutions in the form of Securities Company set forth in paragraph (1) include:

- a. Conventional OMO in:
  1. SBN Repo Transactions;
  2. SBN Reverse Repo Transactions; and
  3. (outright) SBN purchase or sale transactions in the secondary market.
- b. Sharia OMO in:
  1. SBSN Repo Transactions;
  2. SBSN Reverse Repo Transactions; and
  3. (outright) SBSN purchase or sale transactions in the secondary market.

## Part Two

Requirements to Obtain License for Parties Which Will Become Monetary Operation Participants and Intermediary Institutions

### Article 9

Bank Indonesia determines the requirements for obtaining license for any party, which will become Monetary Operation participants and Intermediary Institutions by considering:

- a. capacity aspect;
- b. capability aspect; and
- c. reputation aspect.

### Article 10

(1) Any Bank which will become Monetary Operation participant set forth in Article 3 must meet the following requirements:

- a. institutional aspect including:
  1. business license as a Bank from the competent authority;
  2. license, approval, or recommendation from OJK for Banks which take strategic and fundamental



steps;

b. infrastructure aspect including:

1. for Monetary Operation in rupiah:

- a) have rupiah Checking Account with Bank Indonesia;
- b) become BI-ETP System participant;
- c) become BI-SSSS participant; and
- d) become BI-RTGS System participant;

2. for Monetary Operation in foreign currency:

- a) meet requirements as Monetary Operation participant in rupiah set forth in item 1;
- b) have foreign currency Checking Account with Bank Indonesia; and
- c) have means of foreign currency Monetary Operation transactions;

c. human resource competence aspect consisting of:

- 1. board of directors and employees responsible and/or conducting treasury activities must have sufficient competency evidenced by treasury certificate according to the classification and level of treasury certification; and
- 2. board of directors and employees responsible and/or conducting treasury activities understand and apply market code of ethics evidenced by internal procedure mandatory for Banks.

d. risk management aspect including:

- 1. have internal procedure for Business Continuity Plan (BCP) for Monetary Operation transactions with Bank Indonesia or for Bank's treasury activities; and
- 2. have internal procedure for separation of functions between the front office and back office for Bank's treasury activities.

(2) Fulfillment of requirements set forth in paragraph (1) letter c refers to the provisions of Bank Indonesia for treasury certification and application of market code of ethics.

- (3) If fulfillment of requirements for Monetary Operation participation by SBU for:
  - a. infrastructure aspect set forth in paragraph (1) letter b item 2 letter c);
  - b. human resource competency aspect set forth in paragraph (1) letter c; and/or
  - c. risk management aspect set forth in paragraph (1) letter d,
 is part of the parent Commercial Bank, then the SBU must submit supporting evidence for fulfillment of requirements for Monetary Operation to Bank Indonesia by specifying that the fulfillment is part of the parent Commercial Bank.

#### Article 11

- (1) Fulfillment of requirements for infrastructure aspect for Monetary Operation in rupiah set forth in Article 10 paragraph (1) letter b item 1 is stated in the form of approval for participation in BI-ETP System, BI-SSSS, and BI-RTGS System from Bank Indonesia and approval for opening of rupiah Checking Account with Bank Indonesia.
- (2) Fulfillment of requirements for infrastructure aspect for Monetary Operation in foreign currency set forth in Article 10 paragraph (1) letter b item 2 letter b) is stated in the form of approval for opening of foreign currency Checking Account with Bank Indonesia.
- (3) Fulfillment of requirements for infrastructure aspect for means of foreign currency Monetary Operation transactions set forth in Article 10 paragraph (1) letter b item 2 letter c) is stated in the form of valid cooperation agreement between Bank and provider of means of dealing system used in foreign currency Monetary Operation transactions.

#### Article 12

- (1) Money Market Broker and/or Securities Company which

will participate in OMO set forth in Article 6 must meet the following requirements:

a. institutional aspect including:

1. business license from Bank Indonesia as Money Market Broker;
2. appointment letter as the primary dealer from the Finance Ministry of the Republic of Indonesia for Securities Company;

b. infrastructure aspect including:

1. for OMO in rupiah, become BI-ETP System participant; and
2. for OMO in foreign currency, have means of foreign currency Monetary Operation transactions;

c. human resource competence aspect consisting of:

1. board of directors and employees responsible and/or conducting treasury activities must have sufficient competency evidenced by treasury certificate according to the classification and level of treasury certification; and
2. board of directors and employees responsible and/or conducting treasury activities understand and apply market code of ethics evidenced by internal procedure mandatory for Money Market Broker and/or Securities Company; and

d. risk management aspect in the form of internal procedure for Business Continuity Plan (BCP) for OMO transactions with Bank Indonesia or treasury activities in Money Market Broker and/or Securities Company.

- (2) Fulfillment of requirements set forth in paragraph (1) letter c refers to the provisions of Bank Indonesia for treasury certification and application of market code of ethics.

### Article 13

- (1) Fulfillment of requirements for infrastructure aspect for

OMO in rupiah set forth in Article 12 paragraph (1) letter b item 1 is in the form of approval for participation in BI-ETP System from Bank Indonesia.

- (2) Fulfillment of requirements for infrastructure aspect for means of foreign currency OMO transactions set forth in Article 12 paragraph (1) letter b item 2 is stated in the form of valid cooperation agreement between Money Market Broker and provider of means of dealing system used in foreign currency OMO transactions.

#### Article 14

- (1) Bank Indonesia may appoint OMO participants, which meet the requirements determined by Bank Indonesia to support the implementation of Monetary Operation transactions.
- (2) OMO participant appointment set forth in paragraph (1) is conducted by considering the aspect set forth in Article 9.

### Part Three

#### Procedure for License to Become Monetary Operation Participants and Intermediary Institutions

#### Article 15

- (1) Any Bank, which will become Monetary Operation participant, and Money Market Broker and/or Securities Company which will become Intermediary Institution, must submit its request for license to Bank Indonesia together with supporting documents to fulfill the requirements for Monetary Operation participation set forth in Article 10 and/or Article 12.
- (2) The request for license to become Monetary Operation Participants and/or Intermediary Institutions set forth in

paragraph (1) is submitted in writing in the format set forth in Appendix I, which constitutes an inseparable part of this Regulation.

#### Article 16

To process the request as Monetary Operation participant set forth in Article 3 and/or as Intermediary Institution set forth in Article 6, Bank Indonesia will conduct:

- a. administrative research;
- b. feasibility analysis of Banks, Money Market Brokers, and/or Securities Companies which will participate in Monetary Operation; and/or
- c. inspection.

#### Article 17

- (1) The administrative research set forth in Article 16 letter a is conducted for documents submitted by Banks, Money Market Brokers, and/or Securities Companies which will participate in Monetary Operation including:
  - a. research on document completeness; and
  - b. research on document suitability, against fulfillment of requirements for Monetary Operation participation.
- (2) The feasibility analysis set forth in Article 16 letter b is analysis of fulfillment of requirements for Monetary Operation participation by Banks, Money Market Brokers, and/or Securities Companies which will participate in Monetary Operation.
- (3) The inspection set forth in Article 16 letter c is conducted through (on-site visit) to Banks, Money Market Brokers, and/or Securities Companies which will participate in Monetary Operation to verify that the submitted documents meet the requirements for Monetary Operation participation set forth in Article 10 and/or Article 12.

#### Article 18

If, based on the administrative research result set forth in

Article 17 paragraph (1), documents submitted by a Bank, Money Market Broker, and/or Securities Company are incomplete, Bank Indonesia will inform in writing to the party to complete the lacking documents.

#### Article 19

If, based on the administrative research result set forth in Article 17 paragraph (1), documents submitted by a Bank, Money Market Broker, and/or Securities Company are complete, Bank Indonesia will conduct:

- a. research on document suitability; and
- b. feasibility analysis set forth in Article 17 paragraph (2).

#### Article 20

Bank Indonesia will process a request for participation license by a Bank, Money Market Broker, and/or Securities Company to participate in Monetary Operation set forth in Article 15 within 15 (fifteen) working days as of the required documents are declared complete.

#### Article 21

Based on the results of administrative research, feasibility analysis, and/or inspection set forth in Article 16, Bank Indonesia will decide to:

- a. approve; or
- b. refuse,

the request for participation license by a Bank, Money Market Broker, and/or Securities Company to participate in Monetary Operation.

#### Article 22

Approval of Bank Indonesia set forth in Article 21 letter a determines:

- a. Bank as a Monetary Operation participant; and
- b. Money Market Broker and/or Securities Company as an Intermediary Institution.

### Article 23

- (1) If Bank Indonesia refuses a request for participation license by a Bank, Money Market Broker, and/or Securities Company to participate in Monetary Operation, then the party may not participate in Monetary Operation in Bank Indonesia.
- (2) Any Bank, Money Market Broker, and/or Securities Company set forth in paragraph (1) may submit a request for license to participate in Monetary Operation in Bank Indonesia after the party manages to meet the requirements as a Monetary Operation participant and/or Intermediary Institution.

### Part Four

#### Procedure for License Grant and Revocation of License of Monetary Operation Participant and/or Intermediary Institution Which Takes Strategic and Fundamental Steps

### Article 24

If Monetary Operation participant and/or Intermediary Institution conducts Merger, then a Monetary Operation participant and/or Intermediary Institution which is not Merged will submit a request to Bank Indonesia for revocation of participation license in Monetary Operation.

### Article 25

if a Monetary Operation participant and/or Intermediary Institution Conducts Amalgamation:

- a. each Monetary Operation participant and/or Intermediary Institution which amalgamates will submit a request to Bank Indonesia for revocation of participation license in Monetary Operation;
- b. for a Monetary Operation participant and/or Intermediary

Institution resulting from Amalgamation will submit a request to Bank Indonesia for participation license in Monetary Operation.

#### Article 26

If a Monetary Operation participant in the form of SBU conducts Demerger:

- a. SCB resulting from Demerger will submit a request to Bank Indonesia for participation license in Monetary Operation; and
- b. A Parent Commercial Bank of an SBU which conducts Demerger will submit a request to Bank Indonesia for participation license revocation in Monetary Operation for SBU.

#### Article 27

- (1) If a Monetary Operation participant in the form of Bank which conducts business activities in foreign currency changes its status into a Bank which may not conduct business activities in foreign currency, the Bank will submit a request to Bank Indonesia for participation license revocation in Monetary Operation in foreign currency.
- (2) If a Bank which may not conduct business activities in foreign currency changes its status into a Bank which may conduct business activities in foreign currency, the Bank will submit a request to Bank Indonesia for participation license in Monetary Operation in foreign currency.

#### Article 28

If a Monetary Operation participant in the form of Commercial Bank converts its business activities into SCB:

- a. the SCB will submit a request to Bank Indonesia for license revocation as a CMO participant in rupiah and/or foreign currency; and
- b. the SCB will submit a request to Bank Indonesia for



license as an SMO participant in rupiah and/or foreign currency.

#### Article 29

Procedure for participation license in Monetary Operation for a Monetary Operation participant and/or Intermediary Institution, which takes strategic and fundamental steps, refers to the license procedure set forth in Article 15 until Article 23.

#### Article 30

- (1) License request by the Monetary Operation participant and/or Intermediary Institution, which takes strategic and fundamental steps, set forth in Article 25 letter b, Article 26 letter a, Article 27 paragraph (2), and Article 28 letter b is submitted in writing in the format set forth in Appendix I.
- (2) License revocation request by the Monetary Operation participant and/or Intermediary Institution, which takes strategic and fundamental steps, set forth in Article 24, Article 25 letter a, Article 26 letter b, Article 27 paragraph (1), and Article 28 letter a is submitted in writing in the format set forth in Appendix II, which constitutes an inseparable part of this Regulation.

#### Article 31

- (1) If a Monetary Operation participant takes any of the following strategic and fundamental steps:
  - a. name change;
  - b. acquisition; and/or
  - c. change of foreign bank's branch office into a bank legally established under the law of Indonesia,
 the Monetary Operation participant will submit the change of data, information, and/or details to Bank Indonesia to update information on the Monetary Operation participant in Bank Indonesia.
- (2) If an Intermediary Institution in Monetary Operation takes any of the following strategic and fundamental steps:

- a. name change; and/or
- b. acquisition;

the Intermediary Institution will submit the change of data, information, and/or details to Bank Indonesia to update information on the Intermediary Institution in Bank Indonesia.

## Part Five

### Revocation of Participation License in Monetary Operation

#### Article 32

- (1) If the business license of a Monetary Operation participant and/or Intermediary Institution is revoked by the relevant authority, the Monetary Operation participant and/or Intermediary Institution will submit a request to Bank Indonesia for revocation of participation license in Monetary Operation.
- (2) The request for participation license revocation in Monetary Operation set forth in paragraph (1) is submitted in writing in the format set forth in Appendix II, which constitutes an inseparable part of this Regulation.

#### Article 33

- (1) A Bank may submit a request for license revocation as a Monetary Operation participant in foreign currency on its own initiative.
- (2) A Money Market Broker and/or Securities Company may submit a request for license revocation as an Intermediary Institution on its own initiative.

#### Article 34

- (1) A Bank whose license has been revoked as a Monetary Operation participant in foreign currency set forth in Article 33 paragraph (1) may only submit a request for re-license as a Monetary Operation participant in foreign currency within 6 (six) months at the earliest as of the effective date of the license revocation.

- (2) A Money Market Broker and/or Securities Company whose license has been revoked as an Intermediary Institution in Monetary Operation set forth in Article 33 paragraph (2) may only submit a request for re-license as an Intermediary Institution within 6 (six) months at the earliest as of the effective date of the license revocation.

### Section Six

#### Reporting of Change of Data, Information, and/or Details of Monetary Operation Participant or Intermediary Institution

### Article 35

- (1) A Monetary Operation participant must submit a report to Bank Indonesia if:
- a. there is any change of data, information, and/or details on fulfillment of requirements for Monetary Operation participation set forth in Article 10 paragraph (1); and/or
  - b. there is any change of data, information, and/or details because the Monetary Operation participant takes strategic and fundamental steps set forth in Article 31 paragraph (1).
- (2) The data, information, and/or details set forth in paragraph (1) letter a must be submitted to Bank Indonesia within 30 (thirty) calendar days at the latest as of such change.
- (3) Submission of the data, information, and/or details set forth in paragraph (1) letter b refers to the information submission mechanism set forth in the provisions of Bank Indonesia for integrated license service for operational relationship of commercial banks with Bank Indonesia.

### Article 36

- (1) An Intermediary Institution must submit a report to Bank Indonesia if:
- a. there is any change of data, information, and/or details on fulfillment of requirements for Monetary Operation

participation set forth in Article 12 paragraph (1);  
and/or

- b. there is any change of data, information, and/or details because the Intermediary Institution takes strategic and fundamental steps set forth in Article 31 paragraph (2).

(2) The data, information, and/or details set forth in paragraph (1) must be submitted to Bank Indonesia within 30 (thirty) calendar days at the latest as of such change.

## Part Seven

### Supervision of Monetary Operation Participants and Intermediary Institutions

#### Article 37

Bank Indonesia will supervise Monetary Operation participants and/or Intermediary Institutions through:

- a. indirect supervision; and/or
- b. inspection.

#### Article 38

In conducting the indirect supervision set forth in Article 37 paragraph (2) letter b, a Monetary Operation participant and/or Intermediary Institution must provide and submit data, information, and/or details required by Bank Indonesia.

#### Article 39

For implementation of the inspection set forth in Article 37 letter b, a Monetary Operation participant and/or Intermediary Institution must submit to Bank Indonesia:

- a. documents and/or data as requested;
- b. information and explanation on examined activities, both oral and written; and/or
- c. other matters required in the inspection.

CHAPTER III  
SANCTIONS FOR PARTICIPATION IN MONETARY OPERATION

Article 40

If a Monetary Operation participant and/or Intermediary Institution fails to submit change of data and/or information on Monetary Operation participation set forth in Article 35 and Article 36 and/or Bank Indonesia finds any breach of fulfillment of requirements for participation in Monetary Operation in supervision of a Monetary Operation participant and/or Intermediary Institution set forth in Article 37, the Monetary Operation participant and/or Intermediary Institution will be imposed with the following sanctions:

- a. written admonition;
- b. limitation of participation in Monetary Operation; and/or
- c. revocation of license for participation in Monetary Operation.

Part One

Written Admonition

Article 41

- (1) The written admonition set forth in Article 40 letter a will be submitted 3 (three) times at the maximum to a Monetary Operation participant and/or Intermediary Institution, the copy of which is delivered to the relevant authority.
- (2) A Monetary Operation participant and/or Intermediary Institution must submit its response to the written admonition set forth in paragraph (1) to Bank Indonesia within 5 (five) working days as of receipt by a Monetary Operation participant and/or Intermediary Institution.
- (3) The response submission set forth in paragraph (2) is accompanied by an action plan.

Article 42

- (1) The action plan set forth in Article 41 paragraph (3) must

be approved by Bank Indonesia.

- (2) A Monetary Operation participant and/or Intermediary Institution must implement the action plan set forth in paragraph (1) no later than 6 (six) months after the action plan is approved by Bank Indonesia.

## Part Two

### Limitation of Participation in Monetary Operation

#### Article 43

If a Monetary Operation participant and/or Intermediary Institution fails to submit its response after the third written admonition from Bank Indonesia set forth in Article 41 or fails to implement the action plan until the determined deadline set forth in Article 42 paragraph (2), the Monetary Operation participant and/or Intermediary Institution will be sanctioned with participation limitation in Monetary Operation as follows:

- a. for a Bank, may only participate in Monetary Operation in a certain instrument for 1 (one) month; and
- b. for an Intermediary Institution, is prohibited from participating in OMO for 1 (one) month.

## Part Three

### Revocation of Participation License in Monetary Operation

#### Article 44

Bank Indonesia will revoke the license of a Bank as a Monetary Operation participant and Money Market Broker and/or Securities Company as an Intermediary Institution if the Bank, Money Market Broker and/or Securities Company fail to fulfill the requirements for Monetary Operation participation after the period of participation limitation and/or prohibition in Monetary Operation ends as set forth in Article 43.

CHAPTER IV  
CORRESPONDENCE

Article 45

- (1) Submission of:
- a. request for Monetary Operation participation license for a new Bank, which will participate in Monetary Operation;
  - b. request for license by a Monetary Operation participant taking strategic and fundamental steps;
  - c. request for license revocation by a Monetary Operation participant taking strategic and fundamental steps;
  - d. request for license revocation as a Monetary Operation participant due to business license revocation by the relevant authority; and/or
  - e. change of data, information, and/or details because a Monetary Operation participant takes strategic and fundamental steps,
- is addressed to:
- Bank Indonesia c.q. Department of Financial System Surveillance,  
Jalan M.H. Thamrin No. 2  
Jakarta 10350.
- (2) Submission of:
- a. request for Monetary Operation participation license for a Bank and/or Money Market Broker which has participated in Monetary Operation prior to the enforcement of Bank Indonesia Regulation on Monetary Operation;
  - b. request for license for a Money Market Broker and/or Securities Company which will participate in Monetary Operation;
  - c. request for license for an Intermediary Institution taking strategic and fundamental steps;
  - d. request for license revocation of an Intermediary Institution taking strategic and fundamental steps;

- e. request for license revocation as an Intermediary Institution due to business license revocation by the relevant authority;
  - f. request for license revocation as a Monetary Operation participant in foreign currency on the initiative of the Monetary Operation participant;
  - g. Request for license revocation as an Intermediary Institution on own initiative;
  - h. response letter from a Monetary Operation participant and/or Intermediary Institution to the written admonition from Bank Indonesia, together with an action plan;
  - i. report on change of data, information, and/or details because an Intermediary Institution takes strategic and fundamental steps,
  - j. report on change of data, information, and/or information on fulfillment of participation requirements as a Monetary Operation participant other than due to strategic and fundamental steps taken by the Monetary Operation participant; or
  - k. report on change of data, information, and/or details on fulfillment of participation requirements as an Intermediary Institution,  
is addressed to:  
Bank Indonesia c.q. Department of Monetary Management,  
Jalan M.H. Thamrin No. 2  
Jakarta 10350.
- (3) For Banks, Money Market Brokers, and/or Securities Companies headquartered outside of the operational area of the Headquarter of Bank Indonesia, the information submitted set forth in paragraph (1) and paragraph (2) is also delivered to the local Representative Office of Bank Indonesia.
- (4) If there is any change of correspondence set forth in paragraph (1) and paragraph (2), Bank Indonesia will



notify such change to Banks, Money Market Brokers, and/or Securities Companies by letter.

## CHAPTER V TRANSITIONAL PROVISIONS

### Article 46

Any Bank and/or Money Market Broker, which has participated in Monetary Operation prior to the enforcement of Bank Indonesia Regulation on Monetary Operation, must submit a license request to Bank Indonesia no later than 6 (six) months as of the enforcement of Bank Indonesia Regulation on Monetary Operation.

### Article 47

- (1) License procedure for Banks and Money Market Brokers set forth in Article 46 to become Monetary Operation participants and Intermediary Institutions refers to the license procedure set forth in Article 15 until Article 19 and Article 21 until Article 23.
- (2) Bank Indonesia will process the license of Banks and/or Money Market Brokers set forth in paragraph (1) monthly during the transition period.

### Article 48

- (1) Any Bank and/or Money Market Broker set forth in Article 46, which has not fulfilled the requirements for Monetary Operation participation set forth in Article 10 and/or Article 12, must prepare an action plan.
- (2) The action plan set forth in paragraph (1) will be submitted to Bank Indonesia no later than 3 (three) months as of the enforcement of Bank Indonesia Regulation on Monetary Operation.

### Article 49

- (1) The action plan set forth in Article 48 paragraph (2) must be approved by Bank Indonesia.

- (2) The action plan set forth in paragraph (1) must be implemented within 6 (six) months as of the enforcement of Bank Indonesia Regulation on Monetary Operation.

#### Article 50

If a Bank and/or Money Market Broker, which has participated in Monetary Operation prior to the enforcement of Bank Indonesia Regulation on Monetary Operation, fails to fulfill the requirements for license for Monetary Operation participation within the period of action plan implementation set forth in Article 49 paragraph (2), the Bank and/or Money Market Broker will be imposed with the following sanctions:

- a. written admonition;
- b. limitation of participation in Monetary Operation; and/or
- c. prohibition from participation in Monetary Operation until fulfillment of the determined requirements set forth in Article 10 and/or Article 12.

#### Part One

#### Written Admonition

#### Article 51

The written admonition set forth in Article 50 letter a will be submitted 3 (three) times at the maximum to a Bank and/or Money Market Broker, the copy of which is delivered to the relevant authority.

#### Article 52

- (1) A Bank and/or Money Market Broker must submit its response to Bank Indonesia to the written admonition set forth in Article 51 no later than 5 (five) working days as of receipt of the written admonition.
- (2) The response submission set forth in paragraph (1) is accompanied by an action plan.

#### Article 53

- (1) The action plan set forth in Article 52 paragraph (2) must

be approved by Bank Indonesia.

- (2) A Bank and/or Money Market Broker must implement the action plan set forth in paragraph (1) no later than 6 (six) months after the action plan is approved by Bank Indonesia.

## Part Two

### Limitation of Monetary Operation Participation

#### Article 54

If a Bank and/or Money Market Broker set forth in Article 46 fails to submit its response after the third written admonition from Bank Indonesia set forth in Article 51 or fails to implement the action plan until the determined deadline set forth in Article 53 paragraph (2), the Bank and/or Money Market Broker will be sanctioned with participation limitation in Monetary Operation as follows:

- a. for a Bank, may only participate in Monetary Operation in a certain instrument for 1 (one) month; and
- b. for a Money Market Broker, is prohibited from participating in OMO for 1 (one) month.

## Part Three

### Prohibition from Participation in Monetary Operation

#### Article 55

Bank Indonesia will prohibit participation of a Bank and/or Money Market Broker in Monetary Operation if the Bank and/or Money Market Broker fails to fulfill the requirements for Monetary Operation participation after the period of participation limitation in Monetary Operation set forth in Article 54 expires.

#### Article 56

If a Bank and/or Money Market Broker set forth in Article 55 intends to participate again in Monetary Operation, the Bank and/or Money Market Broker must submit a request for

participation license in Monetary Operation set forth in Article 15 until Article 23.

#### Article 57

- (1) If a Bank and/or Money Market Broker, which has participated in Monetary Operation prior to the enforcement of Bank Indonesia Regulation on Monetary Operation, does not submit any request for participation license in Monetary Operation until the transition period expires, the Bank and/or Money Market Broker may not participate in Monetary Operation.
- (2) If a Bank and/or Money Market Broker set forth in paragraph (1) intends to participate again in Monetary Operation, the Bank and/or Money Market Broker must submit a request for participation license in Monetary Operation set forth in Article 15 until Article 23.

### CHAPTER VI CLOSING PROVISIONS

#### Article 58

Upon enforcement of this Regulation, regulation on criteria and requirements for participants and intermediary institutions in Monetary Operation set forth in:

- a. Bank Indonesia Circular Number 18/29/DPM dated 29 November 2016 on Criteria and Requirements for Securities, Participants, and Intermediary Institutions in Monetary Operation; and
  - b. Regulation of Members of Board of Governors Number 19/17/PADG/2017 dated 28 December 2017 on Criteria and Requirements for Securities, Participants, and Intermediary Institutions in Sharia Monetary Operation,
- are repealed and declared null and void.

Article 59

This Regulation starts to take effect as from its issuance date.

For public recognition, it is hereby ordered this Regulation be promulgated in the Official Gazette of the Republic of Indonesia.

Established in Jakarta  
on

MEMBER OF BOARD OF GOVERNORS,

ERWIN RIJANTO

ELUCIDATION  
ON  
REGULATION OF MEMBERS OF BOARD OF GOVERNORS  
NUMBER 20/7/PADG/2018  
ON  
MONETARY OPERATION PARTICIPATION

I. GENERAL

In implementing the monetary policy to achieve Bank Indonesia's objective, Bank Indonesia exercises monetary control, among others through monetary operation in a conventional manner and in adherence to sharia principle.

Bank Indonesia strengthens its authority through license and surveillance of participation in monetary operation in line with the implementation of integrated license service in connection with bank's operation relationship with Bank Indonesia in monetary, payment system and rupiah management, and macroprudential sectors.

It aims to improve governance, standardization, and participation compliance in monetary operation implementation.

Therefore, Bank Indonesia needs to determine the requirements and licenses for participants and intermediary institutions in Monetary Operation.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory

## Article 2

Self-explanatory

## Article 3

Self-explanatory

## Article 4

Self-explanatory

## Article 5

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

“Status change” means among others:

1. Any Bank which has just obtained a license to carry on its business activities in foreign currency; or
2. Any Commercial Bank which converts its business activities into SCB.

Letter c

Self-explanatory

Letter d

“Business license revocation” means business license revocation at the request of its own shareholders.

Letter e

“Other strategic steps” among others are:

1. change of a foreign bank's branch office into a bank legally established under the law of Indonesia and/or transfer of assets and liabilities which do not constitute Merger, Amalgamation, or Demerger with the approval of the competent authority;
2. establishment of SBU.

## Article 6

Self-explanatory

## Article 7

Self-explanatory

## Article 8

Self-explanatory

## Article 9

Letter a

Capacity aspect is the potential capacity of participants and Intermediary Institutions in Monetary Operation to optimally make transactions in all Monetary Operation instruments, as manifested by complete and latest facilities or infrastructures for transactions in Monetary Operation.

Letter b

Capability aspect is measurement of the capability of participants and Intermediary Institutions in Monetary Operation to make Monetary Operation transactions with Bank Indonesia, which may be manifested from the level of treasury certification owned.

Letter c

Reputational aspect is measurement of level of *stakeholder's* trust in participants and Intermediary Institutions in Monetary Operation.

## Article 10

Paragraph (1)

Letter a

Item 1

Business license as a Bank from OJK is valid for any new Bank and Banks which have participated in Monetary Operation prior to the enforcement of BI Regulation Number 20/5/PBI/2018 on Monetary Operation.

Item 2

The license, approval, or recommendation from OJK is valid for any Bank which takes strategic and



fundamental steps affecting the Bank's operational relationship with Bank Indonesia in monetary sector.

Letter b

Self-explanatory

Letter c

Item 1

“Treasury activity” means financial transaction activity in relation to product sales and/or transaction implementation in the money market and/or foreign currency market and its derivatives.

Item 2

Self-explanatory

Letter d

Item 1

Self-explanatory

Item 2

Internal procedure may be in the form of *standard operating procedure*, organizational structure, and/or any other documents on substantial separation of functions between the *front office* and *back office* in Bank's treasury activities.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 11

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Cooperation agreement with a *dealing system* facility provider used in foreign currency Monetary Operation transactions is applied together with the submission of request for license for participation in foreign currency Monetary Operation.

Article 12

Paragraph (1)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Item 1

“Treasury activity” means financial transaction activity in relation to product sales and/or transaction implementation in the money market and/or foreign currency market and its derivatives.

Item 2

Self-explanatory

Letter d

Self-explanatory

Paragraph (2)

Self-explanatory

Article 13

Paragraph (1)

Self-explanatory

Paragraph (2)

Cooperation agreement with a *dealing system* facility provider used in foreign currency OMO transactions is applied together with the submission of request for license as an Intermediary Institution.

Article 14

Paragraph (1)

Bank Indonesia may appoint an OMO participant to support implementation of Monetary Operation transactions among others as an *agent bank* and/or *dealer (primary dealer)*.

Paragraph (2)

Self-explanatory

Article 15

Self-explanatory

Article 16

Self-explanatory

Article 17

Self-explanatory

Article 18

Self-explanatory

Article 19

Self-explanatory

Article 20

“Complete requirement documents” means fulfillment of supporting documents as requirements for Monetary Operation participation, including participation approval in BI-ETP System, BI-RTGS System, and BI-SSSS from Bank Indonesia, including ownership evidence of rupiah Checking Account and/or foreign currency Checking Account with Bank Indonesia.

Article 21

Self-explanatory

Article 22

Self-explanatory

Article 23

Self-explanatory

Article 24

Self-explanatory

Article 25

Request for Monetary Operation participant and/or Intermediary Institution from Merger will be processed after Bank Indonesia

receives the license revocation request from each merged Monetary Operation participant and/or Intermediary Institution.

#### Article 26

Request for license for SCB from Demerger will be processed after Bank Indonesia receives a request for revocation of SBU participation license in Monetary Operation submitted by the parent Commercial Bank.

#### Article 27

Self-explanatory

#### Article 28

Request for revocation of Commercial Bank license as CMO participant in rupiah and/or foreign currency and SCB license as SMO participant in rupiah and/or foreign currency will be processed at the same time.

#### Article 29

Self-explanatory

#### Article 30

Self-explanatory

#### Article 31

Self-explanatory

#### Article 32

##### Paragraph (1)

“Business license revocation by the relevant authority” includes business license revocation at the request of its own shareholders.

“Relevant authority” means Financial Services Authority for Banks and Securities Companies as well as Bank Indonesia for Money Market Brokers.

##### Paragraph (2)

Self-explanatory

## Article 33

Self-explanatory

## Article 34

Self-explanatory

## Article 35

Self-explanatory

## Article 36

Self-explanatory

## Article 37

Self-explanatory

## Article 38

Self-explanatory

## Article 39

Self-explanatory

## Article 40

Self-explanatory

## Article 41

Self-explanatory

## Article 42

Self-explanatory

## Article 43

Letter a

“Certain instrument” means SBN *Reverse Repo* tender for 1 (one) week and *Standing Facilities*.

Letter b

Self-explanatory

## Article 44

Self-explanatory

## Article 45

Self-explanatory

## Article 46

“Bank and/or Money Market Broker which has participated in Monetary Operation prior to enforcement of Bank Indonesia Regulation on Monetary Operation” means any Bank and/or Money Market Broker as set forth in Bank Indonesia Regulation Number 18/12/PBI/2016 on Monetary Operation and Bank Indonesia Regulation Number 16/12/PBI/2014 on Sharia Monetary Operation.

“6 (six) months as of enforcement of Bank Indonesia Regulation Monetary Operation” means as set forth in Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation.

## Article 47

Paragraph (1)

Self-explanatory

Paragraph (2)

“Transition period” means 6 (six) months as of enforcement of Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation.

## Article 48

Self-explanatory

## Article 49

Paragraph (1)

Self-explanatory

Paragraph (2)

“6 (six) months as of enforcement of Bank Indonesia Regulation Monetary Operation” means as set forth in Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation.

## Article 50

“Bank and/or Money Market Broker which has participated in Monetary Operation prior to enforcement of Bank Indonesia Regulation on Monetary Operation” means any Bank and/or Money Market Broker as set forth in Bank Indonesia Regulation Number 18/12/PBI/2016 on Monetary Operation and Bank Indonesia Regulation Number 16/12/PBI/2014 on Sharia Monetary Operation.

## Article 51

Self-explanatory

## Article 52

Self-explanatory

## Article 53

Self-explanatory

## Article 54

Letter a

“Certain instrument” means SBN *Reverse Repo* tender for 1 (one) week and *Standing Facilities*.

Letter b

Self-explanatory

## Article 55

Self-explanatory

## Article 56

Self-explanatory

## Article 57

Paragraph (1)

“Bank and/or Money Market Broker which has participated in Monetary Operation prior to enforcement of Bank Indonesia Regulation on Monetary Operation” means any Bank and/or Money Market Broker as set forth in Bank Indonesia Regulation

Number 18/12/PBI/2016 on Monetary Operation and Bank Indonesia Regulation Number 16/12/PBI/2014 on Sharia Monetary Operation.

“Transition period” means 6 (six) months as of enforcement of Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation.

Paragraph (2)

Self-explanatory

Article 58

Self-explanatory

Article 59

Self-explanatory